

Idaho Grain Market Report, July 14, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 13, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$13.05 (6-R) \$13.05	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$6.30	\$6.36	NQ
Idaho Falls	\$12.00	(2-R) \$11.98-\$13.25 (6-R) \$11.98	\$6.25	\$6.18	\$8.44
Blackfoot / Pocatello	NQ	(2-R) \$13.05 (6-R) \$13.05	NQ	NQ	NQ
Grace / Soda Springs	\$11.85	(2-R) NQ (6-R) NQ	\$6.50	\$6.45	\$8.39
Burley / Rupert Hazelton	\$10.50-\$10.75	(2-R) \$11.98 (6-R) \$11.98	\$5.60-\$6.05	\$6.28	\$8.51
Twin Falls / Eden / Buhl	\$12.75-\$13.00	(2-R) NQ (6-R) NQ	\$5.50	NQ	NQ
Weiser	\$10.50	(2-R) NQ (6-R) NQ	\$5.93	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$6.34	\$7.31	\$9.64
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$6.53	\$7.50	\$9.83
Moscow / Genesee	\$9.90-\$11.00	(2-R) \$9.90 (6-R) \$9.90	\$6.30-\$7.00	\$7.27-\$7.90	\$9.60-\$10.12

Trading Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	July \$6.75-\$6.95 Aug NC \$6.75-\$7.05	July \$7.87-\$8.07 Aug NC \$7.87-\$7.97	July \$10.21-\$10.56 Aug NC \$9.91-\$10.31
Los Angeles	\$15.15	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.15	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.75	NQ	NQ	\$6.75	\$6.47	\$8.45
Great Falls	\$9.50-\$9.75	NQ	\$12.00	NQ	\$5.20-\$5.67	\$8.84-\$9.43
Minneapolis	\$10.94	NQ	\$16.25	NQ	\$7.73 ¾ (12%)	\$11.20 ¾ - \$11.60 ¾

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from \$2.00 lower to \$1.00 higher in southern Idaho and from no change to \$.25 higher in northern Idaho. USDA reported barley export sales totaled 25 TMT last week, all to France. Barley export shipments totaled .1 TMT to Taiwan

USDA's S&D report for MY 2010/11 and MY 2011/12 - BARLEY – July 12 – USDA made only a couple minor changes to the barley balance sheets for both MY 2010/11 or 2011/12. They lowered 2011 ending stocks (2012 beginning stocks) by 4 mbu to 89 mbu. **2011 production estimate was lowered by 2mbu to a historically low 173 million bu, down 7 million bu or 4% from last year.** 2012 ending stocks were lowered by 6 million bu to 62 million bu. The average farm gate price for U.S. barley was tightened to \$5.65-\$6.75/bu, compared to a marketing year average of \$3.86 in 2010/11. **World barley production was pegged about 1.3 MMT higher this month at 131.7 MMT, up 6% from last year.** **World barley ending stocks also were raised this week - up 0.78 MMT to 22.7 MMT – but still 9% below 2011.**

Barley Competitor/Buyer News – USDA raised their barley production estimate for Russia this month by 1.0 MMT to 15.5 MMT but kept exports unchanged at 0.8 MMT. They lowered their Ukrainian production estimate by 1.0 MMT to 7.5 MMT, and lowered exports by 0.6 MMT to 2.9 MMT.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 10 cents lower to 75 cents higher; HRW ranged from 39 cents lower to 51 cents higher; and DNS ranged from 2 to 69 cents lower. USDA reported wheat export sales last week were within trade expectations at 519.1 TMT. Wheat export shipments totaled 576.6 TMT.

USDA's S&D report for MY 2010/11 and MY 2011/12 - WHEAT – July 12 – Neutral to bullish for wheat... USDA raised 2010/11 U.S. ending stocks by 52 million bu to 861 million (lowered seed use by 7 mbu, feed use by 35 mbu and exports by 13 mbu). This was above the average pre-report trade estimate of 850 million bu. **2011 production was tweaked higher by 48 million bu to 2.106 billion bu, which was 35 million bu above the average pre-report trade estimate of 2.071 billion bu.** USDA pegged the HRW wheat crop at 791 million bu, about 16 million bu above the average trade estimate; SRW wheat crop was pegged at 457 million bu, about 20 million bu above the average trade estimate; SWW crop was pegged at 242 million bu, about 5 million above the average trade estimate; other spring wheat was pegged at 550 million bu, about on target with the average trade estimate; and durum was estimated at 64 million bu, about 6 million bu below trade estimates. **U.S. wheat exports were raised by 100 million bu to 1.15 billion bu based on a rapid sales pace so far in the new marketing year. U.S. ending stocks for MY 2011/12 were lowered by 17 million bu to 670 million bu, below the average pre-report trade estimate of 702 million bu.** The average farm gate price for U.S. wheat was lowered to \$6.60-\$8.00/bu, compared to \$5.70 in MY 2010/11. **World wheat production was lowered by 2 MMT this month to 662.4 MMT, which is 2% above a year ago. World wheat ending stocks also fell by 2 MMT to 182.2 MMT, down 4% from MY 2010/11.**

Wheat Competitor/Buyer News – USDA tweaked wheat production and export estimates for several competitor countries this month... they raised EU production by 600 TMT to 132.1 MMT, lowered Canadian production by 3.5 MMT to 21.5 MMT (lowered Canadian exports by 1.5 MMT to 16.0 MMT), lowered Ukrainian production by 1 MMT to 18.0 MMT (lowered exports by 1 MMT to 7.5 MMT compared to only 3.7 MMT last year). USDA kept Russian production unchanged this month at 53 MMT, but raised their exports by 2 MMT to 12 MMT compared to only 4 MMT last year.

CORN – Corn export sales last week were within trade expectations at 1.7 MMT for both MY 2011 and 2012, down 23% from the previous week and 5% from the prior 4-week average. Corn export shipments last week totaled 860.4 TMT, down 17% from the previous week and 7% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production picked up last week as ethanol margins improved to their best level since last November, totaling 904,000 bbls last week, up 1.23% from the previous week and up 5.73% from last year – **representing a weekly corn use of 94.92 million bushels, which is still well below the weekly pace of 107.6 million bu needed in order to meet USDA's marketing year demand estimate of 5 billion bushels.**

USDA's S&D report for MY 2010/11 and MY 2011/12 - CORN – July 12 – Bullish for corn... As expected USDA raised both 2011 and 2012 ending stocks to reflect larger June 30 quarterly stocks and larger 2011 acreage but the increases were not as much as the trade had expected. For MY 2010/11 (which ends Aug. 31), they raised U.S. ending stocks by 150 million bu to 880 million bu (lowered feed use by 150 million bu, raised domestic food and industrial use by 30 million bu and lowered exports by 25 million bu). This ending stocks estimate was below the average pre-report trade estimate of 905 million bu. **For the new Marketing Year 2012, USDA raised U.S. corn production by 270 million bu to 13.47 billion bu, based on a 1.7 million acre increase in harvested area and national average corn yield of 158.7 bpa, which was unchanged from June.** USDA raised domestic feed usage in the next year by 50 million bu to 5.05 billion bu, raised ethanol use by 100 million bu to 5.15 billion bu and raised exports by 100 million bu to 1.9 billion bu. **This resulted in a 2011/12 ending stocks estimate of 870 million bu, up 175 million bu from last month BUT below the average pre-report trade estimate of 994 million bu.** Average farm gate price for U.S. corn was lowered to \$5.50-\$6.50/bu, compared to the current marketing year projection of \$5.15-\$5.35. **World corn production was raised by 6 MMT this month to 872.4 MMT, which is 6% above a year ago. World corn ending stocks also jumped 4 MMT to 115.7 MMT, but are still down 4% from the current year due to rapid increase in global livestock consumption, particularly in China.**

Corn Competitor/Buyer News – Chinese sources have pegged their corn crop at a record 181.5 MMT, based on increased acreage and favorable growing conditions, compared to USDA's July estimate of 178 MMT. USDA did raise their Chinese corn import estimate for MY 2011/12 by 1.5 MMT to 2.0 MMT, up from 1.5 MMT this year. Many other analysts have forecast that Chinese corn imports could rise as high as 5 MMT in MY 2012 in order to replenish depleted government stocks. **USDA confirmed U.S. corn sales to China last week – 74.6 TMT in old crop and 540.0 TMT new crop.** USDA also confirmed additional sales of U.S. corn this week to both South Korea (110 TMT) and an unknown destination (233 TMT). The Philippines purchased 75 TMT of Black Sea feed wheat this week.

Futures market activity this week

WHEAT – Wheat began the week lower under pressure from a stronger dollar and weak outside markets, as well as caution ahead of Tuesday's monthly S&D report. But prices surged higher on Tuesday (with the exception of MGE which closed mixed) on spillover support from corn and a neutral to bullish supply and demand report which showed smaller than expected U.S. and world ending stocks in MY 2011/12. A short-covering rally continued to push wheat prices sharply higher on Wednesday. Wheat finished mixed to lower in CBOT today (Thursday) but higher in KCBT and MGE on mostly profit-taking pressure in CBOT. **Wheat futures market closes on Thursday, 07/14/11...**

	Sept 2011	Weekly Summary	Dec 2011	Weekly Summary
Chicago	\$7.07	Up \$0.55 ³ / ₄	\$7.38	Up \$0.47 ¹ / ₂
Kansas City	\$7.65 ¹ / ₄	Up \$0.38	\$7.91	Up \$0.37
Minneapolis DNS	\$8.29	Up \$0.12	\$8.28 ¹ / ₂	Up \$0.11 ³ / ₄

CORN – Corn began the week mixed with the Sept contract closing fractionally higher on nearby weather concerns but the deferred contracts traded lower on weakness in energies and positioning ahead of Tuesday's monthly S&D report. A bullish report propelled corn sharply higher on Tuesday as USDA raised its harvested acreage estimate in line with their June 30 acreage report but kept yields unchanged at below trend line and raised 2011/12 demand more than expected (feed, ethanol and exports were all higher), resulting in a smaller than expected increase in ending stocks. World corn stock projections also remained tight due to sky-rocketing feed consumption increases in many developing countries, particularly China. Corn futures continued to grind higher on Wednesday, with support from a hot and dry extended weather forecast which threatens as about one-fourth to one-third of the Corn Belt during the critical pollination stage. Corn posted modest gains in the nearby contract today (Thursday), but gains were limited by profit-taking pressure and an ease in anxieties over the hot/dry weather forecast. **Sept 2011 corn futures contract closed Thursday, 07/14/11, at \$6.90 ³/₄, up \$0.48 ¹/₂ and the Dec 2011 contact closed at \$6.78 ¹/₂, up \$.41 for the week.**

NEAR-BY COMMODITY OUTLOOK –

CORN – Nearby Sept. contract showed renewed strength this week as USDA confirmed strong demand and nearly record low stocks-to-use. 2011/12 ending stocks are now pegged at 880 million bu, well below pre-report trade estimates and only a 24-day supply. Global stocks remain tight as well, now pegged to increase to a 48-day supply and the tightest level in nearly 40 years. Sept futures price target is \$7.00, which was nearly reached on Thursday. **Corn fundamentals have turned bullish once again and will likely see another boost in August when USDA is expected to revise its harvested acreage estimate lower.** Corn, however, remains vulnerable to weakness in outside markets which remain very jittery over macroeconomic data, failure so far to raise the U.S. debt limit and EU sovereign debt problems which have worsened in recent months.

Wheat – Wheat remains in a follower's role for now, gaining strength from both corn and soybeans. Concern about the U.S. and Canadian spring wheat crops is a supportive factor. Wheat fundamentals are not nearly as bullish as corn but got a little bit brighter in this month's S&D with 2012 ending stocks falling below expectations. In August, we expect to see USDA lower its North Dakota wheat acreage estimate which should give these markets another boost, as milling quality wheat stocks remain relatively tight.

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil trading continued to be very choppy this week, beginning the week lower - down \$1.05 to close at \$95.15/bbl - under pressure from a higher dollar resulting from renewed investor worries about euro-zone debt contagion, as well as data that showed Chinese crude oil imports fell by 11% in June. Fears that second half U.S. GDP growth may be slower than expected also added underlying pressure. But crude oil then turned sharply higher – closing up \$2.28 on Tuesday and another \$0.62 on Wednesday – on positive Chinese economic growth data and a sharper than expected decline in U.S. crude oil inventories. Meanwhile the market is digesting mixed demand estimates...OPEC lowered their forecast for 2012 consumption by 4.4% this week, while the International Energy Agency increased its 2012 demand outlook by 1.6% or about 1.5 million barrels to an average of 91 million barrels per day. Meanwhile the US Energy Information Agency lowered its 2011 domestic crude oil price projection this week from an earlier forecast of \$101.91/bbl to \$98.43/bbl. The weekly government petroleum stocks report showed domestic crude oil stocks declined more than expected – down 3.124 million bbls, compared to an expected decline of 1.5 million bbls; distillates increased by 2.967 million bbls; while gasoline stocks also were lower than expected, falling 840,000 bbls last week, compared to an expected build of 500,000 bbls. **Crude oil prices slumped today (Thursday) – down \$2.36 to close at \$95.69/bbl – under pressure from a rebound in the US dollar and widening concerns about macroeconomic data which signal that global economic growth is slowing.**

- **U.S. WEATHER / CROP WATCH** – This week's corn crop rating score held steady at 374, down 9 pts from last year but up 3 pts from the 10-year average. The U.S. spring wheat condition index inched upward slightly this week to 381, which is down 15 pts from last year but up 14 pts from the 5-year average. **A high pressure system anchored over the Central Plains this week brought excessive heat stress to about 1/4 of the Corn Belt, with more above normal temps and below normal precip in the extended forecasts, keeping risks high that up to 1/3 of the belt could suffer some yield losses.** Scattered showers and thunderstorms tracked across the north-central into the northeastern and parts of the southwestern Midwest this week, helping to ease moisture deficits in some areas. **Unusually high winds and warm night time temperatures also were a concern this week... with 100 mile winds spreading from Nebraska eastward to Washington, D.C. on Tuesday, likely causing a loss of about 275,000 corn acres.** Warm overnight lows are worth keeping a close eye on as this condition is widely believed to have contributed to below trend line yields last year. Rain is forecast to be active across the Northern Plains during the next 2 weeks. **The big concern right now is the serious delays in crop maturity stretching from the Pacific Northwest across the Midwest with the threat of above normal heat now forecast during the critical pollination and grain fill periods. Spring wheat is only 27% headed as of the first of this week, the slowest pace in 25 years and well behind the 5-year pace of 73%.**

- **INTERNATIONAL WEATHER / CROP WATCH**

- **Canada** – Mostly favorably dry weather this week with above normal temperatures which was aiding spring grain

development but maturity remained well behind normal.

- **Europe** – Locally heavy rains in the some areas of northern and central Europe continued to favor spring and summer crops but delayed drydown and harvest of winter wheat and barley. The forecast remained wet for Europe this week.
- **Former Soviet Union** – Mostly drier conditions in Ukraine and western Russia, while Eastern Russia and northern Kazakhstan continued to receive beneficial showers. Light rains were in the forecast for the Black Sea region for the next week, which would continue to hamper winter grain harvest in some areas.
- **Middle East** – Continued warm dry conditions accelerated winter grain harvest in Turkey.
- **China** – Widespread showers continued to favor summer crops, particularly corn.
- **Argentina** – Received moisture this week but was forecast to be cool and dry for the next week which has slowed winter grain development. **Southern Brazil** also continued to see cooler than normal weather.
- **Australia** – Eastern and some southern grain belt areas received beneficial moisture this week with the forecasts looking wetter for the dry southeast.

USDA Crop Progress / Condition Report, July 11, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	25% headed	9%	63%	67%	76%	76%	85%
ID barley	50% headed	23%	58%	63%	84%	82%	
U.S. spring wheat	27% headed	13%	68%	73%	73%	70%	83%
ID spring wheat	49%	27%	46%	63%	86%	85%	
U.S. winter wheat	63% harvested	56%	62%	63%			
ID winter wheat	92% headed	76%	95%	97%	77%	74%	
Corn	14% silking	6%	36%	26%	69%	69%	73%

You are invited to Eastern Idaho Field Days...

July 20th – Swan Valley - direct seed field day at Gordon Gallup’s farm.

July 21st – Aberdeen - **100th anniversary celebration of the Aberdeen Research and Extension Center** & UI cereals extension and wheat breeding programs field day. Starts at 3 pm with dinner provided.

July 21st – St. Anthony – Cereal Cyst Nematode Demonstration & Discussion at 6 pm at the Daw Farm, North 2600 E.

July 27th – Soda Springs – UI cereals extension field day starts at 4 pm at Sid Cellen’s farm with dinner provided.

July 28th – Ashton – UI cereals extension field day starts at 10:00 a.m. at Marotz Farm at 1383 N. 4200 E. with lunch provided.

July 29th - Newdale – Eastern Idaho barley grower appreciation barbecue at Newdale Park at noon. Sponsored by the IBC.